

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-600-C - ORDER NO. 2001-332
APRIL 16, 2001

IN RE: Application of SCC Communications Corp.)
for a Certificate of Public Convenience and)
Necessity to Provide Local Exchange and)
Interexchange Telecommunications Services)
in the State of South Carolina.)

ORDER



This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of SCC Communications Corporation. (“SCC” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold and facilities-based local exchange and intrastate interexchange telecommunications services within the State of South Carolina. Specifically, SCC requests authority to aggregate and transport emergency calls with its 9-1-1 SafetyNet services in the State of South Carolina. The Company’s application was filed pursuant to S.C. Code Ann. §58-9-280 (B) (Supp. 2000) and Section 253 of the Telecommunications Act of 1996 and the Regulations of the Public Service Commission of South Carolina.

By letter, the Commission’s Executive Director instructed SCC to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The proposed Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation

in the proceedings. SCC complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC") on February 23, 2001. Thereafter, on March 21, 2001, Counsel for SCTC filed with the Commission a Stipulation in which SCC stipulated that it would only seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until SCC provided written notice of its intent prior to the date of the intended service. SCC also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. SCC agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to SCC provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on March 28, 2001, at 10:30 a.m., in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. Bonnie D. Shealy, represented the Company. Gary A. Klug, Director of State Regulatory Affairs for SCC, presented direct and rebuttal testimony. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff. David S. Lacoste, Engineer, and Andreas J. Corley, Auditor, presented testimony on behalf of the Commission Staff.

As Director of State Regulatory Affairs, Klug ensures compliance with rules and regulations of federal and state agencies, including management of compliance filings with state agencies. Klug also evaluates federal and state regulations and sets regulatory policy and strategic direction for the Company. Finally, Klug acts as subject-matter expert and participates in local, state and national public safety and 911 forums. Klug has an extensive background in telecommunications and regulatory fields having been employed by several telecommunications companies such as US West, AT&T, and Mountain Bell. Klug has a Bachelor of Science and a Master of Science in Physics.

SCC is a publicly held corporation which was incorporated in the State of Delaware. The Company is authorized by the South Carolina Secretary of State to transact business in South Carolina as a foreign corporation. According to the record, SCC is the leading provider of 911 data management services to incumbent local exchange carriers, competitive local exchange carriers, integrated communications providers, and wireless carriers in the United States. Additionally, the Company manages the records for approximately 93.5 million wireline telephone subscribers, including 4.1 million CLEC subscribers, and more than 1.6 million wireless subscribers. The record also reveals that SCC manages the Master Street Address Guides ("MSAGs") for twenty-eight states, processes more than 140,000 service orders per day and processes in excess of 50,000 MSAG requests a year.

The record reveals the type of services SCC seeks to provide in South Carolina. The Company seeks certification so that it may aggregate and transport emergency calls in the State of South Carolina. SCC 911 SafetyNet services are switched two-way voice

and data telecommunications that permit a Public Safety Answering Point ("PSAP") designated by the authorized 911 administrative entity to receive emergency calls placed by dialing the number 911, emergency calls originated by personal safety devices terminating at a designated service bureau and requiring public safety assistance, and emergency calls from non-traditional sources such as personal data assistants, wireless communications devices, and the Internet. After receiving certification to provide telecommunications services in South Carolina, SCC does not immediately intend to provide long distance toll service or local exchange dial tone services for basic local calling. However, in order for SCC to aggregate and transport emergency calls, SCC will require the same sort of interconnection and collocation afforded to certificated CLECs.

Klug also presented testimony on the Company's managerial and technical resources to provide the services described in the Company's application. George Heinrichs is the President and Chief Executive Officer of SCC. Heinrichs has been the President and a Director of the Company since he co-founded it in 1979; he has also served as the Chief Executive Officer since February 1995. Heinrichs has worked in the public safety field for over ten years; his formal education is in the field of computer science. Stephen Meer is the Company's Vice President and Chief Technology Officer. Meer is one of the original founders and principals of SCC for 17 years. He has over twenty years of telecommunications experience, ten of those years in public safety. Meer is also a former police officer and paramedic, having over ten years experience working and teaching in the areas of advance life support, law enforcement operations, and systems and public safety communications. Michael Dingman, Jr. is the Company's

Chief Executive Officer. Dingman is responsible for financial planning and corporate finance at SCC. Prior to joining SCC, Dingman had more than seventeen years of diversified financial management experience. He also has extensive experience in financial consulting as president and founder of an investment consulting firm. Other persons who are members of SCC's management team include the following: Larry Jennings, Senior Vice President Business Operations; Ron Mathis, Director Network Operations; Mark Drennan, Director of Network Architecture; Timothy J. Jenkins, Vice President/General Manager ILEC Business Unit; Mark R. Scott, Vice President/General Manager CLEC Business Unit; and Teri L. DePuy, Vice President & General Manager, Direct Business Unit. Regarding the Company's technical resources, SCC has specialists in the Oracle and tandem computers. Additionally, the record reveals the Company has hired personnel to handle the Company's technical issues.

Klug presented testimony regarding the relationship of the grant of a Certificate of Public Convenience and Necessity to SCC and the public interest. According to the testimony, 9-1-1 SafetyNet augments the existing 9-1-1 infrastructure to enhance 9-1-1 infrastructure to adapt to and accommodate next-generation communications devices and technologies. 9-1-1 SafetyNet is a solution that will benefit telecommunications providers, the public safety community, and consumers who rely on 9-1-1. Klug also testified that by the Commission granting the Company's application, the Commission will build upon its well-established policy of promoting competition in the telecommunications marketplace. SCC plans to contribute to this competitive marketplace in South Carolina by providing its 9-1-1 SafetyNet service.

Corley testified that he reviewed the Company's consolidated financial statements dated December 31, 1999, and nine months ending September 2000. The financial statements dated December 31, 1999, were unaudited and indicated that case made up 19% of the Applicant's total assets. The current ratio was 3.64 and retained earnings were negative due to losses in prior years. Long term debt made up 21% of total liabilities and equity. The financial statements dated January 1, 2000 through September 30, 2000 indicate cash made up 11% of total assets and the current ratio was 2.77. Long term debt was 26% of total liabilities and equity. Corley concluded by stating SCC is in a good financial position to begin providing telecommunications services in the State of South Carolina.

Lacoste presented testimony regarding his analysis of the Company's application and tariff. Regarding the Company's request to maintain its financial records in accordance with Generally Accepted Accounting Principles and publication of a local exchange directory, Lacoste is in agreement with the Commission granting the Company's request for a waiver of these two issues. Regarding SCC's request for a waiver of any reporting requirements which, although applicable to incumbents LECs, are not applicable to competitive providers such as SCC, Lacoste opined that the Company should be required to file annual reports. Lacoste recommended certain issues such as Customer Deposits, Customer Billing, Reasons for Denial or Discontinuance of Service, and Adjustment of Bills, be added at appropriate points within the tariff, if not already included, so as to specify that the Company's practices will conform with the Commission's rules and regulations.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. SCC is organized as a corporation under the laws of the State of Delaware and has received a certificate from the South Carolina Secretary of State to transact business within South Carolina as a foreign corporation.

2. SCC wishes to provide local exchange services and interexchange services within the State of South Carolina.

3. The Commission finds that SCC possesses the technical, financial, and managerial resources sufficient to provide the service requested.

4. The Commission finds that SCC's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 2000).

5. The Commission finds that SCC will support universally available telephone service at affordable rates.

6. The Commission finds that SCC will provide services which will meet the service standards of the Commission.

7. The Commission finds that the provision of local exchange service by SCC "does not otherwise adversely impact the public interest." S.C. Code Ann. §58-9-280(B)(5) (Supp. 2000).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to SCC to provide competitive resold and facilities-based intrastate local exchange services only to customers located in the non-rural areas of South Carolina. The terms of the Stipulation between SCC and the SCTC are approved, and adopted as a portion of this Order. Any proposal to provide local exchange service to a customer in a rural incumbent LEC's service area is not included in the instant grant of authority. Further, the Company is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.
2. With regard to the interexchange service offerings of SCC, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).
3. SCC shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. SCC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the

Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 6, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2000).

4. If it has not already done so by the date of issuance of this Order, SCC shall file its revised long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The Company shall file its revised local tariff prior to commencement of operations within South Carolina. The revised tariffs shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. SCC is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. SCC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If SCC changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, SCC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

9. SCC shall file annual surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at www.psc.state.sc.us/forms. The title of the forms which the Company shall utilize to file annual surveillance reports with the Commission is "Annual Information on South Carolina Operations For Interexchange Companies and AOS".

10. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs SCC to contact the appropriate

authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, SCC, shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

11. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

SCC shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The Company shall utilize the "Authorized Utility Representative Information" form which can be located at the Commission's website at www.psc.state.sc.us/forms to file the

names of these representatives with the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

12. SCC shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

13. SCC shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, SCC shall keep financial records on an intrastate basis for South Carolina to comply with the annual and gross receipts filings. The "Annual Report for Competitive Local Exchange Carriers" form can be located at the Commission's website at www.psc.state.sc.us/forms. This form shall be utilized by the Company to file annual financial information with the Commission. Pursuant to the Commission's regulations, the Company shall file a CLEC Service Quality Quarterly Report with the Commission. The proper form for this report is Form #110 and can be found at www.psc.state.sc.us/forms/default.htm. The Company shall also file a copy of its Bill Form with the Commission.

14. By its Application, SCC requested waivers from Commission requirements (1) of publishing a directory; (2) of any reporting requirements which, although applicable to ILECs, are not applicable to SCC because such requirements are not consistent with the demands of the competitive market and constitute an undue burden on a competitive provider; and (3) of any record-keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform

System of Accounts. The Commission finds the reasoning behind SCC's requests for waivers of publishing a directory, and maintaining its books and records in conformance with the Uniform System of Accounts reasonable and hereby grants the waivers of these regulations. However, we deny the Company's request for a waiver of any reporting requirements which, although applicable to ILECs, are not applicable to SCC. We find that this request lacks specificity and the Company can file requests with the Commission in the future for specific waivers of the Commission's regulations. SCC is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

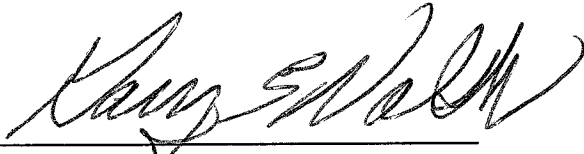
15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-600-C

Re: Application of SCC Communications Corp.)
for a Certificate of Public Convenience and)
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Interexchange Telecommunications Services)
in the State of South Carolina)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and SCC Communications Corp. ("SCC") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose SCC's Application. SCTC and SCC stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to SCC, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. SCC stipulates and agrees that any Certificate which may be granted with respect to local exchange service will authorize SCC to provide such service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Nothing in this stipulation would prohibit SCC from transporting calls to a 911 Public Safety Answering Point (PSAP) on behalf of another carrier, a telematics service provider, or a Private Switch ALI customer.

4. SCC stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

5. SCC stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until SCC provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, SCC acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

6. SCC stipulates and agrees that, if SCC gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then SCC will not provide service to any customer located within the service area in question without prior and further Commission approval.

7. SCC acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

8. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and SCC, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

9. SCC agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

10. SCC hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 14th day of March, 2001.

SCC Communications Corp.:

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ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.

Chesnee Telephone Company

Chester Telephone Company

Farmers Telephone Cooperative, Inc.

Ft. Mill Telephone Company

Heath Springs Telephone Company Inc.

Home Telephone Company, Inc.

Lancaster Telephone Company

Lockhart Telephone Company

McClellanville Telephone Company

Norway Telephone Company

Palmetto Rural Telephone Cooperative, Inc.

Piedmont Rural Telephone Cooperative, Inc.

Pond Branch Telephone Company

Ridgeway Telephone Company

Rock Hill Telephone Company

Sandhill Telephone Cooperative, Inc.

St. Stephen Telephone Company

West Carolina Rural Telephone Cooperative, Inc.

Williston Telephone Company

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

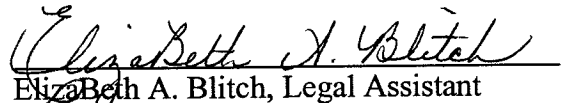
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_____)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Bonnie D. Shealy, Esq.
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March 21, 2001

Columbia, South Carolina